

1964

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their effective interest costs. Other efforts to trim the dollar outflow by reducing military spending abroad and tying more foreign aid to purchases here also were accelerated. The tax, which would be retroactive to last July 19, has passed the House, but Senate action probably will have to wait until after the civil rights fight.

PRIVATE CAPITAL OUTFLOW DOUBLED

The new figures show that the total net outflow of private capital in the final 1963 quarter rose to about \$945 million—about double the total of the previous period, though well short of the total in the April-June quarter. The \$945 million consisted of \$215 million in long-term portfolio investment such as American citizens' purchases of foreign bonds and stocks, the area that is the target of the proposed tax; \$129 million in short-term capital movement, compared with a small net inflow in the previous quarter when interest rates here were raised; and \$601 million in direct investment, including acquisitions of foreign companies and construction of overseas factories and oil refineries by U.S. concerns.

The Bobby Baker Case—Editorials

EXTENSION OF REMARKS

OF

HON. HUGH SCOTT

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, April 7, 1964

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed in the Appendix of the Record several editorials and newspaper columns relating to the Bobby Baker case.

There being no objection, the editorials and columns were ordered to be printed in the Record, as follows:

[From the Philadelphia (Pa.) Inquirer, Mar. 27, 1964]

BAKER CASE STILL ALIVE

The Bobby Baker case has not been buried just because the Democratic majority on the Senate Rules Committee has managed to close down its investigation after 5 months of evasion and fumbling.

The case is still very much alive and it will stay alive and kicking until all those embarrassing questions which the Democrats on the committee have run away from are answered.

Those questions relate to how an employee of the Senate majority could roll up a fortune of several million dollars on a salary of \$19,600 a year; and whether or not the Senate and other Government agencies were used in the process of enrichment.

Chairman B. EVERETT JORDAN and his fellow Democrats on the Rules Committee were able, by outvoting the Republican members, to keep 20 witnesses from testifying. Whether those individuals could have furnished the committee with evidence of Baker wrongdoing, or could have opened up some backdoors leading to rather interesting places is, of course, not known.

But, by repressing that testimony, whatever its nature, the Democratic members have aggravated the rumors and suspicions which have circulated around the case from the start.

The Democratic majority will issue a report on its findings and on its recommendations, if any, on legislation intended to cope with conflict of interest in the activities of Senate employees.

The committee minority will be able to submit a report of its own, and it should

prove to be a blistering one, more revealing than the majority report, more valuable in suggesting remedies for conflict of interest by Senators as well as by Senate employees.

Senate debate over these coming reports could serve the public interest in focusing renewed attention upon the Baker case and its far-reaching, and unsavory, implications. It could even have such heavy impact that a more extensive inquiry could be authorized.

In any event, the clumsy mishandling of the Baker case by the Democrats controlling the investigation has made it inescapably a prime political issue, from which the Republicans may be expected to glean substantial profit. The charge of whitewash already made by Senator HUGH SCOTT and others is a difficult one for the Democrats to overcome.

The important part of all this has nothing to do with the political consequences but with the shortchanging of the public which the committee has engaged in by its premature termination of the probe. The fire has not been put out by dumping whitewash on it. Public wrath will demand the truth—the whole truth—in the Baker case.

[From the St. Louis (Mo.) Post-Dispatch, Mar. 25, 1964]

BAKER INQUIRY ENDING?

Indications that Democrats on the Senate Rules Committee are preparing to close the Bobby Baker inquiry have brought renewed Republican criticism and further demands for the calling of additional witnesses. Senator HUGH SCOTT, of Pennsylvania, says the Republicans, outnumbered 6 to 3 on the committee, were "chopped down" in recent voting and may have no recourse except to write a minority report.

How long should the hearings continue? Certainly they should not be terminated so long as there is the likelihood of turning up additional substantive evidence as to how Baker, when a \$19,600 a year secretary of the Senate majority, accumulated a fortune he estimated at more than \$2 million; particularly if such evidence involves Senators or others in wrongdoing.

But the Democrats have a point when they say the shabby pattern of Baker's wheeling and dealing is plain, and sufficient to provide the basis of a report to the Senate and remedial legislation. It would be a waste of time merely to chew over the facts already brought out, and it seems that new material is running thin. For example, what was alleged a few days ago to be a "forgery" involving a Baker tax return now turns out to have been not a forgery and of no consequence.

The Republicans have very little ammunition to use in the coming campaign against the Johnson administration and would like the hearings to continue indefinitely in the hope of turning something up. On the other hand, the Democrats are charged with "trying to put this skeleton back in the closet" before the elections. No matter what is done it will be impossible to please both sides from a political standpoint.

That leaves the question of whether the public interest has been satisfied. The hearings have been underway since last October, which seems long enough. But if the Democrats terminate them they will automatically take on the responsibility of assuring the public that they have conscientiously fulfilled their assignment. The revelations of how Baker operated have discredited the Senate majority; it will take some doing to restore public confidence.

[From the St. Louis (Mo.) Globe-Democrat, Mar. 26, 1964]

SHAME OF THE SENATE

By a straight party vote, Democrats of the Senate Rules Committee, who never did want a thorough investigation, have slammed the

door shut on the Bobby Baker affair, which has no close parallel in congressional history.

After 6 months of headlines, the American people have learned little more about this skulduggery in high places than appeared in the relatively inconclusive hearings.

The fair-haired clerk of the Senate majority, "Lyndon's boy" they called him, ran his \$19,000 salary up to something over \$2 million—borrowed thousands upon thousands of dollars with or without collateral—bought a townhouse where girl friends did considerable entertaining—engaged in various enterprises with Government officials and Government contractors—and took the fifth, along with various associates.

Well, if that's all we'll ever know about Bobby Baker's doings, the inquiry smells of whitewash. And there has been less talk about his "little book" of late. Could that imply a deal?

Which Senators have so much to hide that they would prefer to bring shame on the Senate itself by having all the Democrats, in effect, collectively take the fifth?

[From the Minneapolis (Minn.) Morning Tribune, Mar. 26, 1964]

MEDALS FOR CAUTION, NOT FOR COURAGE

Democrats on the House Rules Committee have refused to call a number of witnesses proposed by the Republican minority in the Bobby Baker inquiry, thus triggering that minority's "whitewash" charges. Among those whom the Democrats rejected was Presidential Aid Walter Jenkins who, one witness indicated, had solicited advertising for the L.B.J. Co.'s television station in Texas as a sort of insurance rebate.

Committee Chairman JORDAN, Democrat, of North Carolina, takes the position that the investigation has already produced enough evidence to illuminate the need for revising Senate rules bearing on conflicts of interest. He thinks further testimony would be repetitive.

But the inquiry has hardly touched the Senators themselves as it revolved around the unsavory financial dealings of the former secretary to the Senate majority. Today the areas which the committee has not investigated loom formidably large and it is difficult to escape the conclusion that the Democratic Members have been less interested in doing a thorough job than they have been in skirting potential political embarrassments in a campaign year.

Have the Republican Members no political motives in pressing for new witnesses? Of course they have such motives but in this case, it seems to us, they also have the public interest on their side. That interest is not satisfied by an investigation which throws a protective aura of immunity around Senators or even Presidential aids.

The committee Democrats seem to be saying that it is better to play safe than be sorry. This may win them medals for caution but precious few for statesmanship or courage.

[From the Washington (D.C.) Evening Star, Mar. 26, 1964]

Too Bad

The chairman and the majority of the Senate Rules Committee apparently have decided to ring down the curtain on the Bobby Baker investigation. From the first they gave the feeling that they had been pushed into the whole thing only by the insensitive press and they had tried before this to get away from those embarrassing details and up onto the broad plains of principle. Now they have succeeded.

It is too bad. What is lost is not a "carnival," a "circus" or a "partisan field day," to quote a few of the reasons given earlier for letting Bobby off the hook. What is lost is the chance to find out just how involved the Senate majority staff and, for that mat-

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ter, assorted Members of the Senate majority itself, were in the complex affairs of the wonder boy from Carolina.

However embarrassing such revelations might have been, they would have been preferable to the not quite diffused cloud that now hangs over the Senate and its staff. The cloud, unfortunately, also hangs over the White House. Nor is it likely to be dissipated while the conflicting testimony involving the President's close assistant, Walter Jenkins, remains unresolved. This is not guilt by association and it is not low partisan politics. It is the commonsense conclusion inevitably drawn from a failure to lay the facts on the table.

Is it, we say, too bad. Assuming there was no serious fire beneath all the murky smoke, it would have been so easy to prove the fact.

[From the New York (N.Y.) Times, Apr. 1, 1964]

THE RELUCTANT DRAGONS

When Robert G. Baker pleaded the fifth amendment (plus the first, fourth, and sixth) before the Senate committee looking into his wheeling and dealing, nobody was much surprised. As secretary of the Senate Democratic majority, his path had crossed many lives high in Government, his fortune had been made, and silence was the better part of wisdom.

Now another silence hangs as a pall over the U.S. Senate. It is the attempt of the committee majority to bury the case, quietly and with few mourners. Much remains to be told about Baker's business empire and how it grew. But Democrats have outvoted Republicans on the committee in an effort to close down the investigation; the bipartisan nature of the inquiry has ended.

In effect, this means that it is the Senate itself which is "taking the fifth" on the Baker case. The reluctant dragons on the committee have become timid about investigating one of their own former employees. Thus they have placed themselves on trial, too.

The facts are still not in; many pieces and persons are missing in the Baker financial jigsaw puzzle. What real estate deals were made, what favorable tax rulings were secured, what rebates were received, what gifts were made to and from Baker—for himself and political friends? The basic question remains: To what extent were the U.S. Senate and other Government agencies used illegally for self-enrichment?

The most legitimate of legislative purposes can be served if this investigation is pursued. It can lead not simply to exposure of its central figure but to new regulations governing conflict of interest. The Baker case remains very much alive in the public mind, not matter what the committee says. Its exploration must go on.

U.S. Foreign Policy: Lack of Realism on Vietnam

EXTENSION OF REMARKS
OF

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 7, 1964

Mr. FLOOD. Mr. Speaker, an illuminating discussion by Constantine Brown, distinguished American reporter living in Rome, Italy, on U.S. policy for Vietnam, was published in the March 28, 1964, issue of the Washington Evening Star.

The indicated article follows:

LACK OF REALISM ON VIETNAM—PEOPLE SEEN
WITHOUT WILL TO FIGHT, U.S. OUTCOME
LIKE THAT OF FRENCH

(By Constantine Brown)

ROME.—It is unpleasant for an American reporter abroad to be a Cassandra. But under the present circumstances, because of the manner in which American foreign policy is being conducted, it is difficult to be anything else.

Competent European observers on international affairs with whom a foreign correspondent has inevitable close contacts speak more frankly than diplomats in Washington. Our European friends, being less involved in the many commitments of the United States, see things more objectively than our policymakers seem to at home. They watch with skepticism the travail at Geneva where our delegates discuss with their Russian counterparts that will-o'-the-wisp, disarmament, and forecast that maybe by the end of this century some partial agreements may be reached.

One oldtimer in these perennial disarmament conferences, which started well before the outbreak of World War II, reminded this reporter of a true story. In 1932, Ambassador Hugh Gibson, American delegate to the Geneva disarmament conference, was talking with his Hungarian opposite number. A small child, Gibson's son, came into the room. Gibson, who had a keen sense of humor, a gift diplomats seem to have lost entirely, introduced the child with these words: "This is the probable head of the American delegation for disarmament in 1975."

But what concerns our European friends—and it must be recalled that despite frictions and misunderstandings, we have nothing but well-wishers over here—is the lack of realism in our policies in South Vietnam. We seem to be swayed by emotionalism instead of using our usual practical common-sense.

Defense Secretary McNamara stated in an apparent burst of emotionalism during his last trip to war-torn Vietnam that "We will supply you now and in the future with the economic aid and military equipment that you need to defeat your enemies now and forever."

Actually, European observers and diplomats from Asian countries say the Communists in South Vietnam cannot be defeated except by direct and massive intervention of American forces. Merely sending economic aid and more weapons will not help, since the South Vietnamese themselves are tired of fighting.

Moreover, those called upon to bear the brunt do not know what they are fighting for. The social reforms promised by General Khanh, the new and probably temporary strongman of Saigon, have little if any appeal to the Vietnamese people. They want to be left alone. Under existing circumstances they see no difference between the Saigon force and the Vietcong.

Washington probably has forgotten that the Vietnamese have been at war a quarter of a century. After the defeat of France in Europe in 1940 the French surrendered to the Japanese on orders from Vichy. The peoples of Indochina (Vietnam, Cambodia, and Laos) suffered under the Japanese yoke. Tokyo warlords were hard taskmasters. The Vietnamese became second-class citizens in their own country.

Shortly after the defeat and surrender of Japan in 1945, and after some squabbles between the French and Chinese, the new war started. It was initiated by Communist Ho Chi Minh. The French did their best to defeat the guerrillas in the North Vietnam jungles. They were unable to stem the Red offensive after we signed the armistice at Panmunjom which enabled the Chinese Communists to direct their entire attention to Vietnam.

The French were finally crushed, after having lost close to 100,000 men. Their defeat is attributed less to the weakness of some of their military leaders, and certain betrayals from pro-Communist factions within the French Government in Paris, than to the unwillingness of the South Vietnamese to fight in earnest. They either skipped back to their villages at the height of the battle or went over bag and baggage to the "enemy," their own brethren who were fighting under the merciless hand of Ho Chi Minh and his Communist military advisers.

The French did not lack hardware; we saw to it that they got what they needed; they did not always lack military leadership. Men such as Marshal de Lattre de Tassigny were equal to the best Western generals. But what they lacked was the willingness of the Vietnamese to fight for themselves. They did fight in North Vietnam because the choice was clear—either fight or be shot.

This method, however, could not be adopted by France without arousing shouts of indignation of "colonial brutality" from Washington. The Asians, like some Europeans, are always on the side of the winner. And since Ho Chi Minh was the winner, the Vietnamese in the opposite camp obstructed rather than helped the French oppressors.

A Communist movement known as the Vietcong developed in South Vietnam and grew to the present alarming proportions. Our fate in Vietnam will be no different from that of the French. The cold fact is that high-sounding statements by the new Saigon junta and high Washington personnel will have no effect on the disillusioned and tired South Vietnamese.

Curtis Sees \$12 Billion Cost of Living Rise

EXTENSION OF REMARKS

OF

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 7, 1964

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the Record, I include the following from the Republican Congressional Newsletter:

TAX CUT BENEFITS LOST: CURTIS SEES \$12 BILLION COST OF LIVING RISE

A leading congressional economist this week forecast a \$12 billion increase in the cost of living in 1964 which will "more than wipe out the benefits of the tax cut."

Representative THOMAS B. CURTIS, ranking Republican on the Joint Congressional Economic Committee, told the newsletter that the worst hit by increased living costs would be poor families—those earning \$3,000 or less, according to President Johnson's formula. Each such family could suffer a \$90 increase in annual living costs but receive no offsetting tax cut because they pay no Federal income tax. Neither can they hedge against inflation, the Missouri legislator said, because they have no savings to invest in stocks or real estate, which gain in value during inflation.

CURTIS, also a member of the House Ways and Means Committee, charged that President Johnson destroyed all hope of maintaining the price level when he told the United Auto Workers the Government, in effect, would do nothing to hold the price-wage line. CURTIS said this apparently means the Government will not actively oppose the 4.9-percent increase in wages and benefits which the UAW seeks, despite President Johnson's earlier plea to unions to hold their wage demands to 3.2 percent—the annual gain in industrial productivity.